



# Bridging Generations: Difficulties of Tacit Knowledge Transfer in the Succession Process of Small and Medium-Sized Family Firms

MASTER THESIS STRATEGIC MANAGEMENT - TILBURG SCHOOL OF ECONOMICS AND MANAGEMENT

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DATE: 14 JUNE 2024

WORD COUNT: 12 078

## **Abstract**

The majority of firms in The Netherlands are small and medium-sized family firms. However, only one third of these firms survive the first generational succession. These businesses typically struggle with poor preparedness and resistance to change. Some family businesses might not even actively plan for succession or might wait until it is too late to make the necessary preparations. Making sure the successor has the necessary skills to lead the company is one method to make the succession process successful. However, literature shows that the reliance on tacit knowledge makes the knowledge transfer especially challenging.

The purpose of this study is to contribute to the literature of tacit knowledge transfer between the previous owner-manager and the successor in small and medium-sized family firms by exploring why tacit knowledge transfer is so hard in this particular context. This study was conducted using a qualitative multiple case study method across five different industries. Semi-structured interviews with both the previous owner-manager and the successor of five small and medium-sized family firms were held.

The empirical findings underscore the importance of good relationships not only between the previous owner-manager and the successor but also between the external family and the previous-owner manager and the successor. Especially the relationship with the spouses was stressed. Additionally, three new phenomena have been identified that could potentially help explain why the transfer of tacit knowledge is so difficult in the context of this study. These phenomena are the lack of knowledge diffusion, the lack of ongoing involvement of the previous owner-manager after the perceived completion of the succession and the different personalities of the previous owner-manager and the successor.

Keywords: tacit knowledge transfer, small and medium-sized family firms, succession, previous owner-manager, successor.

Disclaimer: Throughout the thesis, Artificial Intelligence tools Quilbot and ChatGPT were solely used for grammar purposes.

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## 1. Introduction

### 1.1 Problem Indication

According to statistical evidence, after the first ten years only 30% of small medium-sized enterprises (SMEs) survive, implying a 70% failure rate (Bureau of Labor Statistics, 2020). While the survival rate tends to stabilize thereafter, a new wave of business closures occurs later because of the departure of the owner-manager due to retirement or death (Egbu et al., 2005). Managers of SMEs are more frequently than those of large companies too preoccupied with day-to-day operations to "sit back" and transfer their knowledge (Jones et al., 2010). The majority of their managerial skills were most likely learned on the job or come naturally to them. They are competent at what they do and unless extrinsically motivated, they see no necessity in articulating their expertise to facilitate the delegation of responsibilities. This creates a challenge for SMEs as it implies that growth can be challenging because the competitive advantage that this source of knowledge within the firm might offer, is possibly not fully understood. As a result, the source of advantage becomes vulnerable when the owner-manager leaves the company (Ambrosini & Bowman, 2008). This is a concern, particularly since it is highly probable that in the future the effective leverage of knowledge from the past owner-manager to the new owner-manager will be the key to becoming successful in business (Sparrow, 2001). The degree to how well and how easily knowledge can be transferred from one person to another depends on the type of knowledge (Nonaka & Takeuchi, 1995).

In the literature, the distinction is made between tacit and explicit knowledge (Hislop et al., 2018). Explicit knowledge can be viewed as the end point. This type of knowledge is formal and includes information that has been codified and can be readily found in documents or digital formats. It is a type of knowledge that is represented, or rather, information that is directly transferred from one person to another through a physical medium like a book or technical instruction (Biloslavo & Lombardi, 2021). On the contrary, tacit knowledge, which can be viewed as the starting point of knowledge creation, containing knowledge that lives in the mind of individuals and is not found in manuals, databases, books, or files. It includes professional experience, skills, values, and intuitions that are not codified and therefore difficult to transmit from one person to another (Nonaka, 1991). In addition, the first researcher to address tacit knowledge was Polanyi (1958) who later stated that we know more than we can tell (Polanyi, 1966). Meaning that individuals are often unaware of their own tacit knowledge and that knowledge is deeply rooted in action. The mobilization and transformation of tacit knowledge into explicit knowledge is the key to knowledge creation, according to the theory of organisational knowledge creation. Tacit knowledge needs to

be transformed into explicit knowledge to make it useful (Nghah & Jusoff, 2009). This is called the process of knowledge conversion (Battistutti & Bork, 2017). However, because tacit knowledge is often overlooked, attempts of transforming it from tacit to explicit knowledge frequently fail (Woo et al., 2004). When looking at small-medium enterprises (SMEs), this especially is a problem since most information is spread through informal networks. It allows them to respond quickly when it comes to internal problem solving. However, SMEs have to figure out how to adequately manage their tacit knowledge which is a challenge because they usually lack the resources required to fully utilize their knowledge stock (McAdam & Reid, 2001).

SMEs represent approximately 90% of businesses and more than 50% of employment worldwide (World Bank, 2019). In the Netherlands, the majority of SMEs are family businesses (Centraal Bureau Statistiek, 2017). Family firms are defined as: “businesses where the majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children’s direct heirs” and in addition where “at least one representative of the family or kin is formally involved in the governance of the firm” (European Commission, nd). As stated earlier, one of the reasons that SME closures are high is because of the departure of the owner-manager (Ambrosini & Bowman, 2008). This is especially the case for family firms. However, not much is understood about the knowledge transfer that occurs during the process of leadership succession. These businesses typically struggle with poor preparedness and resistance to change. Some family businesses might not even actively plan for succession or might wait until it is too late to make the necessary preparations. Ensuring that the successor has the necessary skills to lead the company is one method to make the succession process successful. However, literature shows that the reliance on tacit knowledge makes the knowledge transfer especially challenging (Pipatanantakurn & Ractham, 2022). As family firms play such a major role in economies (Centraal Bureau Statistiek, 2017), it is important to research this phenomenon of tacit knowledge transfer closer in this context to support the continuance of these type of firms.

## **1.2 Problem Statement**

This research will contribute to the existing literature on knowledge management, which in the first place is extensive. However, there is a tendency to overlook small and medium-sized family firms and focus on larger non-family organisations (Wong & Aspinwall, 2004). Especially when realizing that small and medium-sized family firms represent a large share of businesses, this can

be viewed as unsatisfactory (Kishore & Sundaram, 2018). In addition, there is a strong need to create a foundational theory of family businesses and practical guidelines for family business owners (Chrisman & Chua, 2003). Research on the influence of families on knowledge transfer efforts continues to generate conflicting results, suggesting a need for further investigation on how small and medium-sized family firms handle knowledge transfer (Rossignoli et al., 2023). While one trend emphasises the beneficial effects of familial influence, the other suggests increased behavioural difficulties related to knowledge transfer in these types of firms (Breton-Miller & Miller, 2006). Academics have demanded empirical data (Cunningham et al., 2016). This paper contributes to addressing this call by providing an empirical analysis of what it is that makes the transfer of tacit knowledge from the previous owner-manager to the successor in small and medium-sized family firms especially difficult.

Therefore, this study builds on existing literature by answering the following problem statement:

*“Why is it so hard for small and medium-sized family firm owner-managers to effectively transfer their tacit knowledge to a successor?”*

This question is problematic to the extent that it warrants a research project because current literature covers factors influencing the tacit knowledge transfer during the process of succession but fails to mention precisely why it is so hard to transfer this type of knowledge in small and medium-sized family firms.

This study answers the following sub-questions to address the above problem statement:

1. How can tacit knowledge effectively be transformed into explicit knowledge to make it useful in the process of knowledge conversion according to previous research?
2. What does previous literature say about factors that both positively and negatively influence the process of knowledge transfer in small and medium-sized family firms from the owner-manager to the successor?
3. What strategies or methods are currently employed for transferring tacit knowledge in family firms according to empirical research?
4. What barriers do owner-managers face when trying to transfer their tacit knowledge to their successor in small and medium-sized family firms according to empirical research?

The above research questions, specifically question three and four seem to require an inductive approach as it is important to explore the “how” and “why” of knowledge transfer. A qualitative inductive research design allows for the deeper understanding of knowledge transfer experiences in the context of ownership transitions in the small to medium-sized family firm. The definition of an SME differs across continents. There is no standard universal definition of what constitutes an SME. The European Commission defines SMEs as businesses that employ fewer than 250 people and generate less than €50 million in revenue annually. Conversely, in the United States, businesses with fewer than 500 workers are categorised as SMEs; however, there are significant variations in turnover and workforce size across various industries (Bocconcelli et al., 2016). For this research, the data will be collected in the Netherlands. Therefore, the European definition of an SME will be incorporated. As a result, in-depth interviews will be the primary data collection method for this study. Ten semi-structured interviews with previous owner-managers and their successors of small and medium-sized family firms will be conducted. Ultimately, the data is triangulated using a variety of sources, including interviews, websites, and academic papers. Triangulation can be defined as “the use of more than one method or source of data in the study of a phenomenon in order to cross-check results” (Bergman, 2008).

## **2. Literature review: What we (not) know about knowledge transfer in family firms**

This section develops and defines the fundamental notions and concepts related to this thesis, resulting in a conceptual model that captures what is known and unknown about knowledge transfer in family firms. First, the process of knowledge conversion from tacit to explicit knowledge will be examined, as literature states that this is a required step to make tacit knowledge useful (Nghah & Jusoff, 2009). The motivation for narrowing the scope to the SECI model will be explained, along with an introduction to more recent studies. This will answer the first research question: *“How can tacit knowledge effectively be transformed into explicit knowledge to make it useful in the process of knowledge conversion according to previous research?”*. Next, factors that both positively and negatively influence the process of tacit knowledge transfer in family firms will be discussed. This will answer the second research question: *“What does previous literature say about factors that both positively and negatively influence the process of knowledge transfer in small and medium-sized family firms from the owner-manager to the successor?”*. These topics are essential to serve as a base for primary data collection, building upon previous literature to investigate why it is so difficult to transfer tacit knowledge in the succession process of small and medium-sized family firms.

### **2.1 Knowledge Transfer Process**

#### **2.1.1 Narrowing the scope**

Drawing from a study of a Japanese manufacturing firm, the SECI model introduces spiral-type conversions between tacit knowledge and explicit knowledge (Nonaka & Takeuchi, 1995). Knowledge is seen in this model not as an inflexible object, but as a flowing entity that focuses on organisational knowledge creation and transfer. It identifies four processes of knowledge transformation: socialization (from tacit to tacit), externalization (from tacit to explicit), combination (from explicit to explicit) and internalization (from explicit to tacit) (Pipatanantakurn & Ractham, 2022). This model fits within the conversion stream of tacit knowledge as it claims that both tacit and explicit knowledge can be converted to one another and that either one of them can be used in action (Hadjimichael & Tsoukas, 2019). As Nonaka, von Krogh & Voelpel (2006) stated: *“Conversion allows subjective knowledge to become objective through being combined with and validated by the knowledge of other individuals”*. Even though the SECI model is the most widely accepted model within the knowledge creation literature, it is also critiqued. Researchers argue that the model ignores the difference between implicit knowledge and tacit inherent knowledge. It can be said that what Nonaka and Takeuchi (1995) mean with tacitness, actually also includes implicitness. According to Li and Gao (2003), the distinction between the two lies in their

communicability and effectiveness of organisational utilization. Where inherent tacit knowledge refers to knowledge that is difficult and often impractical to communicate among individuals with different levels of knowledge, implicit tacit knowledge refers to knowledge that is not explicitly expressed but can be made explicit through organisational activities. Thus, while inherent tacit knowledge might be challenging to share directly, implicit tacit knowledge can be made explicit and thus shared more effectively across an organization (Li & Gao, 2003). Researchers Mitchell, Harvey & Wood (2021) propose a new view on the SECI model by introducing these different types of knowledge in the process of socialization and externalization in the context of research impact. For the purpose of this research, only the socialisation and externalisation of the SECI model will be examined as these two focus on the transfer of knowledge from tacit to explicit whereas the combination and internalization processes focus on the conversion from explicit knowledge back to tacit knowledge. The original model of Nonaka and Takeuchi (1995) will be reviewed together with the recent adaptations by Mitchell et al. (2021). Secondly, the SECI model includes an epistemological and ontological dimension. The epistemological dimension focuses on the distinction between tacit and explicit knowledge whereas the ontological dimension focuses on the level of creating entities (individual, group, organisational and interorganisational). As this research investigates the transfer of tacit knowledge to explicit knowledge from individual to individual (owner-manager to the successor), the focus will solely lie on the epistemological dimension.

### **2.1.2 Socialization (from tacit knowledge to tacit knowledge)**

It is suggested by researchers Mitchell et al. (2021) that the socialization process is applicable for inherent tacit knowledge. As shortly touched upon in the previous sub chapter, the inherent type of tacit knowledge by nature is 'imperfectly accessible to conscious thought'. It cannot be captured, translated, or converted directly; instead, it can only be exhibited or demonstrated in what we do. This type of knowledge is not easily separated from its environment, but it is very context dependent. As socialization revolves around joint activities such as spending time together, this process is best suited to transfer tacit knowledge between individuals (Nonaka & Konno, 1998).

The idea that tacit information is shared through group activities rather than spoken or written instructions is emphasised by the word "socialization." In a way, sharing tacit information requires releasing the self to become a bigger self that incorporates the other person's tacit knowledge (Nonaka & Konno, 1998). The outcome of socialization is the standardization of procedures and

the passing of tacit knowledge and routines (Röös & Von Krogh, 1998). It is impossible to observe the knowledge of an individual. Nevertheless, it is still possible to acquire tacit knowledge without using words but through the observation, imitation and practice of someone's experience (Dalkir, 2005). To project oneself into another individual's thinking process, shared experiences are essential (Nonaka & Takeuchi, 1995). Compared to externalization, socialization takes more time and has a higher relational intensity and physical proximity (Mitchell et al., 2021). This involves engaging directly with individuals. Another method to capture inherent tacit knowledge is by casually walking around within the company premises. Accessing information directly from the workplace is essential. Face-to-face interactions play a vital role (Nonaka & Konno, 1998).

### **2.1.3 Externalization (from tacit knowledge to explicit knowledge)**

The process of externalization is typically seen as concept creation and is put in motion via conversation or collective reflection. It is linked by researchers Mitchell, Harvey & Wood (2021) to implicit knowledge transfer. Although implicit knowledge is still tacit, it is usually possible to transform it into explicit knowledge by describing the practice of activities. It is the type of knowledge that is about knowing how to do things that you can describe to other people (Mitchell, Harvey & Wood, 2021). Externalization necessitates the communication of tacit knowledge and its conversion into forms that are understandable to others. In this process, knowledge is expressed as hypotheses, metaphors, analogies or models. Among the four modes of knowledge conversion, externalization holds the key to knowledge creation. It is essential to choose individuals that own the right set of specific knowledge and skills for a task force or project team. Individuals' mental models and skills are translated into common words and ideas through dialogue. Together, two procedures allow people to both communicate and examine their own mental models as well as those of others (Nonaka & Konno, 1998). Metaphors are the most practical and efficient way to take part in the externalization process. As Polanyi stated; 'tacit knowledge is expressible, to the extent that it is expressible at all'. Metaphors provide the ability to perceive or intuitively comprehend something by mentally picturing another thing symbolically with the intended effect of externalizing and materializing explicit knowledge (Röös & Von Krogh, 1998). Moreover, metaphors are a useful tool for building a conceptual network of new ideas. Hence, dialogue is the keys for conversation, and the use of metaphors is one of the conversion skills (Nonaka & Konno, 1998).

## 2.2 Knowledge Management in Family firms

Identical to any regular firm, a family business aims at growth and generating turnover while achieving business continuity. Nevertheless, there is one distinction: the family involvement (Martínez et al., 2016). In general, a characteristic of this type of firm is the high level of the members' dedication and loyalty. This trait is shown in other workers who feel like they are a part of the team and have a more enthusiastic attitude than those working for nonfamily companies, as well as family members who feel they have a shared family duty (Suárez et al., 2001). Family-owned businesses pass down both expertise and leadership across generations. Successful succession depends on ensuring that the chosen successor possesses the necessary knowledge and character to lead effectively. However, the challenge of relying on tacit knowledge and the multiple roles of leadership that the successor needs to take over, makes this process especially difficult (Pipatanantakurn & Ractham, 2022).

A family business can be seen as a system that consists of two interacting sub-systems. Namely a family subsystem and an enterprise subsystem (Martínez et al., 2016). The family members together with its successive generation make up the subsystem of the family. This subsystem is centred on keeping the family safe, providing for their needs, and parenting the next generation, which will eventually be able to take on the role of leadership and control of the family business. Sharma et al. (2003) emphasises the need to maintain a balance between the expectations of the family and the requirements of the business. The most successful firms are the ones with “deep pockets” and “hot hearts”, meaning that these firms care for both subsystems that make up the family business system. However, this is not always in balance. When the goals of the family take precedence over the company's goals, business choices are then largely made with the family's requirements in mind. This is labelled as “family-first thinking”. Activities aimed at meeting the family's needs and ensuring harmony and satisfaction among its members may lead to the employment of unskilled or poorly qualified successors, and thus affecting the process of knowledge transfer. On the other hand, when one prioritises the requirements of the business over those of the latter, it can be labelled as “business-first thinking”. This in turn may lead to family conflict (Tien et al., 2023).

The unique features of a family business such as its distinct culture, reputation, trust, and shared values endows certain assets that could lead to long-term success (Suárez et al., 2001). However, it is also required that these features are integrated and coordinated to mobilize those resources and capabilities successfully (Abiodun & Babatunde, 2020). This is challenging as it requires tacit

knowledge embedded in the firm's routines. Information about this 'familiness bundle' is typically embedded in individuals, usually the entrepreneur or founder. Consequently, knowing how the transfer of knowledge functions in the succession process, could help develop and persevere a competitive advantage in family firms (Suárez et al., 2001). Hence, in the context of family business, knowledge transfer from one generation to the other is crucial to learn and acquire knowledge about how to manage the firm effectively (Martínez et al., 2016). However, there are different factors that influence the transfer of knowledge inside a firm. According to Szulanski's model (1996), which remains widely accepted to this day, these factors can be divided into four different groups: the characteristics of knowledge within a firm (in this particular research the characteristic is the tacitness of the knowledge); the characteristics of the recipient (the successor); the characteristics of the source (the owner-manager); and the relationship between the source and recipient (Szulanski, 1996).

### **2.2.1 Successor**

From an early age, the younger generation learns about the family company owned by its parents. First, listening to discussions about the business and then, gradually, taking an increasingly active part in conversations about how the business is managed (Tien et al., 2023). When looking at succession as a process, it can be considered to be a multistage process where, ideally, there is an increasing involvement of the successor in the business. Simultaneously, the owner-manager reduces their involvement until the successor is ready for a real transfer of power (Suárez et al., 2001).

Researchers Jaskiewicz et al. (2013) claim that the way in which successors are assigned to the successor role influences a firm's ability to engage in tacit knowledge management. Hiring that is based on family ties without consideration of family needs is what is described as entitlement nepotism. Since their title is determined at birth, the successor may feel more entitled. Consequently, this can lead to dysfunctional, dangerous, and harmful situations as the successor may feel no pressure to meet performance expectations. Conversely, reciprocal nepotism revolves around three family conditions: interdependence, number of exchanges, and rules upholding duties to relatives. The nepot will feel indebted to the family member for bringing him or her on board. According to the authors, reciprocal nepotism can enhance a company's ability for managing tacit knowledge, preserving or enhancing its competitive advantage (Jaskiewicz et al., 2013).

In the end, it is the successor who has to survive the succession process's trial by fire making sure their behaviours, attitudes and performance can meet the expectations of all involved parties in the process and accelerate the family business into greater heights. To a large degree, the successor's capacity to adjust to the role of highest responsibility inside the company by establishing legitimacy and credibility will determine whether or not the successor is able to endure this trail. One aspect to gain legitimacy is the training that the successor undergoes. This training is especially valuable given that the owner-manager is the source of knowledge of how the primary strategic components of the business function. In addition, through lower category or summer jobs, the successor can gain valuable experience. Through the socialization process, this unarticulated background will eventually serve as a knowledge base. It consists of random details found in social practices that the successor absorbed tacitly. This situation has shown to be beneficial in both situations: when the successor joins the company right away after completing training or after gaining experience elsewhere (Suárez et al., 2001).

Even while training and experience are very valuable, there are several qualities that a successor must possess that go beyond formal schooling. And if these qualities are not in place, this can have negative consequences for the effectiveness of knowledge transfer. Szulanski (1996) states that factors of the recipient of the knowledge that hamper the knowledge transfer include: lack of motivation, lack of absorptive capacity, and lack of retentive capacity.

### **2.2.2 Previous owner-manager**

Szulanski (1996) also identifies factors of the source of knowledge (the owner-manager) that affect the transfer of knowledge. Firstly, in the same way that this factor is relevant for the successor, is motivation also a determining factor for the source of knowledge. The owner-manager must be willing to share their knowledge (Szulanski, 1996). Specifically, in the family business context, the family business owner is willing to teach the new generation everything they know about the firm, since their main dream is that their child eventually takes over the company (Martínez et al., 2016). However, the source of knowledge may be hesitant to share crucial knowledge for fear of losing ownership; he or she may resent not being rewarded for hard-won success; or the owner-manager might not want to spend time and resources to support the transfer of knowledge. Another important factor is trust. If the owner-manager is seen as reliable and trustworthy, the successor is more likely to listen and learn from their parent. However, if the owner-manager is not seen as reliable, their advice might be ignored or challenged, making it tough to transfer the knowledge effectively (Szulanski, 1996).

Overall, it is important for the owner-manager to take on the role of a mentor towards the successor. A mentor is someone with expertise in a particular sector who helps a less experienced young person by providing support and assistance in addition to transmitting information, so supporting the mentee's personal and professional growth. It is important for a mentor to impart not only the knowledge that comes from their successful experiences, but also the knowledge that comes from their mistakes and failures. These kinds of activities encourage dialogue, and the sharing of ideas (Tien et al., 2023).

### **2.2.3 Successor and previous owner-manager relationship**

Establishing and maintaining stable, personal, and trust-based connections among the source and recipient of knowledge is crucial for the successful implementation of knowledge management (Martínez et al., 2016). In the context of family business, strong social contacts and the family's emotional problems are linked to knowledge transfer. According to previous studies, the nature of the exchange relationship affects how an employee behaves and performs. Research shows two different types of relationships: a generalised exchanged relationship and a restricted exchange relationship. A restricted exchange relationship is transactional, with the goal of obtaining a specific good. Its foundation is the concept of "quid pro quo." Conversely, a generalised exchange relationship is person-centered and built on trust. The people involved are often interdependent (Jaskiewicz et al., 2013). Due to interactions within the home and in the shared social life of the family, families offer several chances for multiple exchanges, which is why generalised exchange relationships are a type of family social capital (Long & Mathews, 2011). Future successors, however, have less opportunity for exchanges if they live distant from their parent. Relationship length and intimacy are indicators of steady, long-term communication which increases the likelihood of having generalised exchange relationships. Generalised exchange relationships positively affect the absorptive and retentive capacity of successors. Which are according to Szulanski (1996) important for knowledge transfer, as is explained earlier. Because tacit knowledge is experienced implicitly throughout time, absorptive ability will be improved by the quantity of previous exchanges, shared socialisation, intuitive trust, and understanding. The fact that the family identity is closely connected to the firm, increases the likelihood that the successor will continue to use the knowledge of the processor after the successor takes over. This is because when the family shares generalised social exchanges, the successor finds being part of the family important and desirable.

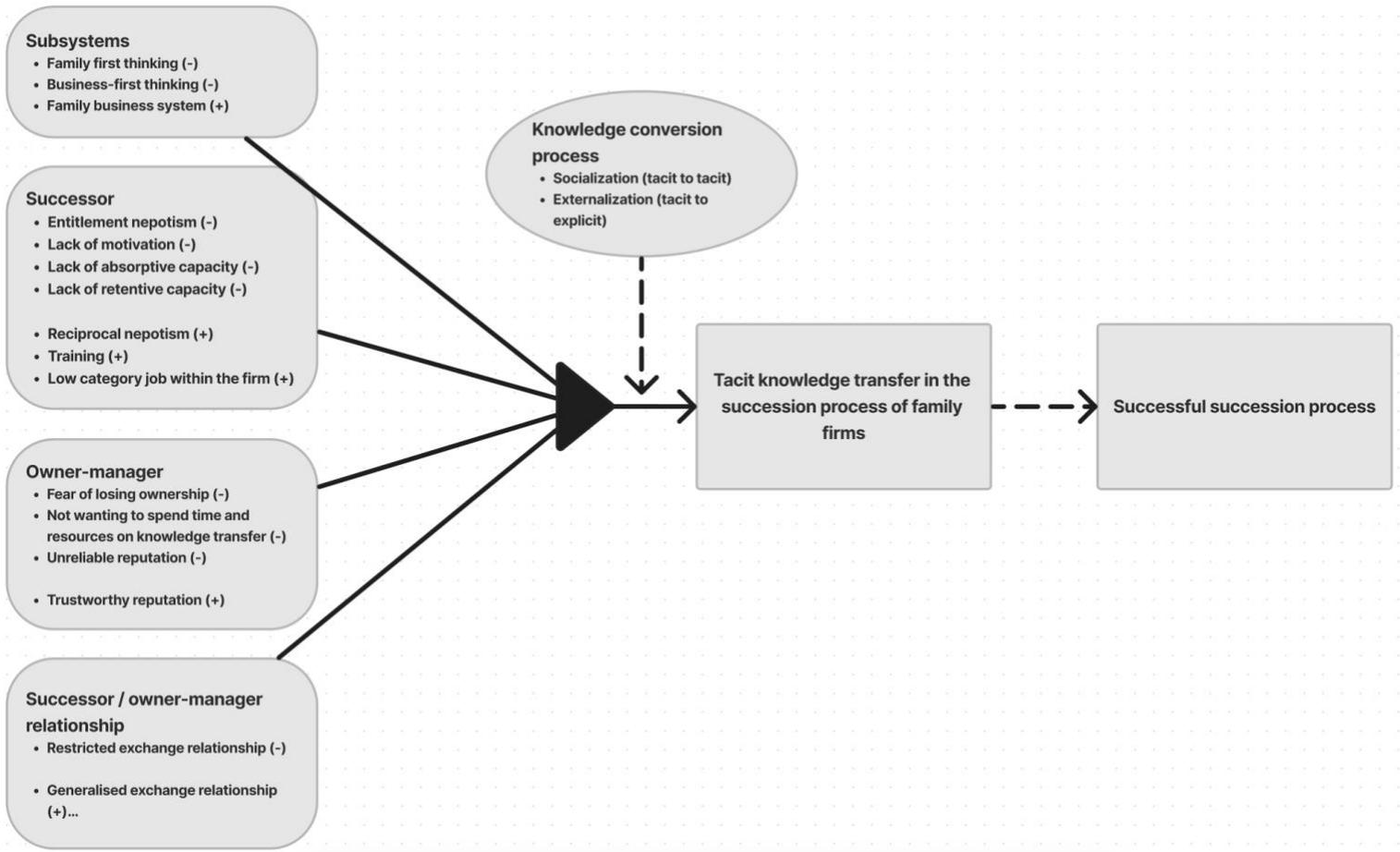


Figure 1 : Conceptual model (or view appendix 10)

### 3. Method

#### 3.1 Research Design

Considering that the research is conducted within the societal environment, this study can be categorised as social research. Social research must follow a scientific methodology even though it is regarded as "soft science". There are two primary schools of thought within this field of science: the positivism approach and the interpretive approach (Storer, 1964).

Positivism holds that, as reality exists objectively, the optimal method to collect data is to observe phenomena directly or to measure them with instruments. Therefore, positivism is strongly associated with quantitative research methods. On the contrary, interpretivism denies the existence of one objective reality. The focus lies more on understanding people's experiences and how they make sense of the world. Theory is developed in quite a different way, involving a dialogical process between theory and the empirical phenomenon. Interpretivism is therefore strongly associated with qualitative research methods (Bell et al., 2022).

A significant portion of the existing research on knowledge transfer adopts a positivistic stance, aiming to arrive at clear, objective explanations. When looking at the literature that discusses knowledge transfer used in the theoretical framework of this thesis, it is found that 18 studies analyse cross-industry contexts, while only 9 studies focus on within-industry scenarios. However, tacit knowledge is contextual and difficult to measure, which poses challenges for positivistic approaches. This has contributed to the lack of consensus in the literature, as different studies offer varying explanations (Venkitachalam & Busch, 2012). It is not problematic that there is no clear consensus yet, as this reflects the progressive nature of scientific research. From a positivist standpoint, consensus would imply that the phenomenon is fully understood, and further investigation is unnecessary. However, through the lens of interpretivism, it can be said that it is naïve to think that there is a sole explanation for any phenomenon in research. This thesis aims to discover rich insights rather than attempting to provide a sole explanation that can be applied to every other small and medium-sized family firm regardless of key variables and factors. The focus lies on the context in which the phenomenon occurs and includes different factors such as behavioural aspects based on the experiences of the participants. Therefore, this thesis is in line with the interpretivist approach (Alharahsheh & Pius, 2020).

Interpretivist, qualitative research seems suitable for this research objective as the perception of the subject becomes the centre of attention (Verhoeven, 2015). It allows to gain insight into experiences, meanings and perspectives of the participant (Hammarberg et al., 2016). This is important when trying to understand the process of tacit knowledge and see where the difficulties lie within the succession process. A multiple case study is applied which enables an in-depth examination of a specific issue, exploring the “how” and “why” dynamics. According to Yin (2018), a multiple case study is a design for research that involves the use of more than one case to understand the similarities and differences between the cases. Each case is treated as a single experiment, and the findings are compared across cases to develop a deeper understanding of the phenomenon being studied. This method seeks to understand a complex real-world phenomenon within its unique contextual framework (Yin, 1994). Case studies are favoured for exploratory research due to their capacity to investigate phenomena in their natural environments, allowing for participant-level analysis (Stake, 1995). They therefore aim to uncover new insights, laying the groundwork for future research rather than testing existing theories (Saunders et al., 2009). Opting for a multiple case study design over a single case study enhances data robustness and mitigates the risk of drawing overly specific conclusions in single case studies. However, it's crucial to recognize the limitation of generalisability associated with multiple case studies due to their limited sample size (Eisenhardt, 1989). Even though this thesis is classified as a multiple case study, the primary data will be collected solely through the interviews of two people within the same organization. Merely due to time constraints it is not possible to, for an extended period of time, observe the sampled firms, interview all the relevant people in the organization, and attend their meetings. The adoption of a multiple case study is a considerate choice as it allows for the comparison of different cases (Saunders et al., 2009). However, the limited data should be kept in mind as it also limits the findings of this study.

This thesis aimed to understand new hidden aspects of the phenomenon tacit knowledge transfer within small and medium-sized family firms. Therefore, induction is suitable as it aims to build theories based on observations and findings rather than testing existing hypotheses. The interpretive approach aligns well with inductive reasoning as it focuses on understanding the complexities of human experiences and perspectives. Given the subjective and context-specific nature of tacit knowledge, an inductive approach allows the researcher to explore and develop insights from the qualitative data gathered through semi-structured interviews. This method allows for the identification of patterns and themes that result from the data, allowing for a deeper understanding of the phenomenon (Bell et al, 2022). The study is classified as both descriptive

and explanatory. The descriptive part was carried out when reviewing the key findings that previous researchers have captured with regards to the tacit knowledge transfer process. The explanatory part on the other hand, was in the analysis of the primary obtained data of this research.

### **3.2 Data Collection**

This study utilised primary data collection as it led to more credibility and richness of the qualitative data (Creswell, 2013). This was collected by conducting semi-structured interviews. In general, these types of interviews are suitable for investigating research questions that are more socially and behaviourally complex, such as tacit knowledge transfer as this type of knowledge lives inside the previous owner-manager's mind. Because this research focused on the tacit knowledge transfer between the previous owner-manager and successor in small and medium-sized family firms in specific, rather than obtaining a better understanding of the general phenomenon of "tacit knowledge transfer", semi-structured interviews were chosen as opposed to other qualitative data collection methods such as observations (Adeoye-Olatunde & Olenik, 2021). It allows the researcher to remain open-minded enabling concepts and theories to arise from the data (Bell et al., 2022). The ability to focus interviews while allowing the freedom to explore relevant ideas that may come up during the interview is one of the main advantages of semi-structured interviews, which can further enhance the understanding of the difficulties that arise during tacit knowledge transfer in the succession process (Adeoye-Olatunde & Olenik, 2021). Nevertheless, for this study, the research approach of Eisenhardt (1989) was used. Eisenhardt argues that prior theoretical knowledge can inform the initial constructs and framework for the study. Therefore, the conceptual model was used as a base for the interview. However, attention was paid to balancing the use of existing literature with openness to new insights that emerged from the data, as this researcher suggested. So, before the actual conduction of the interviews, an interview guide was prepared to address the research objective. The guide consisted of a list of main open-ended questions with follow-up probe questions based on literature generated themes that could be referred to at any stage during the interview. The goal of the guide was to give structure and focus to the organic flow of conversation for each individual interview, rather than to be read in the same order throughout each of them (Adeoye-Olatunde & Olenik, 2021). Ten one-hour long interviews with people from five organizations were conducted.

### 3.3 Sampling Strategy

The thesis focusses on the transfer of tacit knowledge from the perspective of both the source and recipient of knowledge: the previous owner-manager and the successor. This choice was based on a preliminary conversation with both the previous owner-manager and the successor of a small family firm (which was not part of the sample) that had just undergone the process of succession. The conversation was simultaneously with both people at the same time. During the conversation, both the previous owner-manager and the successor agreed about the key succession topics. However, it was only after the previous owner-manager was showing his workplace, without the presence of the successor, other stories came to the light of day, deviating from the initial conversation. Hence, having conversation with both the previous owner-manager and the successor of the same company allows for the collection of different perspectives of the process of tacit knowledge transfer during and after the succession period. Insights that otherwise might not be mentioned because of the possible sensitivities of the topic. In addition, the choice of interviewing more than one person within the same organization allows for triangulation. However, as this thesis focusses on getting a grasp on different perspectives from both the previous-owner manager and the successor, there are boundaries to the possibility to triangulate the data. Interviewing more than one person allows for triangulation as we may be able to check for consistency in their recollection of events. If there are discrepancies, it prompts further investigation and potentially reveals that there are two different perspectives that are authentic or that there indeed was an error in the data. Hence, factual events can be triangulated, but opinions cannot. The triangulation of factual events can strengthen the validity of the data (Bryman, 2008).

To reduce bias, the sample is restricted to firms that currently employ fewer than 250 people and a maximum revenue of 50 million euros and that fall within the European definition of family businesses. Additionally, retrieved from the research of Pipatanantakurn & Ractham (2022), a time limit for how long ago the generational succession had taken place was implemented. Originally, the study of Pipatanantakurn & Ractham (2022) set a maximum limit of five years. However, due to time constraints and challenges in finding firms meeting all the specified criteria, the time boundary of this thesis was extended to the past ten years, ensuring inclusion of relevant cases. The risk of extending this period of time is that it potentially was more difficult for the respondents to remember the succession process and the details of their experience. The goal was to study a phenomenon that occurs in enterprises as thoroughly as possible, rather than to guarantee that the research sample was representative. In this context, tacit knowledge transfer serves as both a process and a distinct phenomenon. The unique nature of the processes or

phenomenon under examination suggests that they may show varying characteristics across different enterprises. Consequently, a larger sample size does not ensure the acquisition of results that can be broadly generalised to the entire population (Tien et al., 2023).

Purposive sampling was used to select firms that met all the sampling criteria (Gerring, 2006), as it enhances internal validity (Yin, 1984). Specifically, snowball sampling, a type of purposive sampling, was used to identify initial participants who meet the criteria and then asking them to refer other potential participants who also meet those criteria (Naderifar et al., 2017). This sampling strategy was chosen due to the difficulty in identifying whether successions had taken place within databases such as ORBIS or Company.info.

### **3.4 Data Analysis**

The primary data collected by the means of interviews were compared, and trends in the transfer of tacit knowledge during the succession process of small and medium-sized family businesses were identified by applying cross-case analysis (Yin,2013). As an in-depth examination of within-case analysis, cross-case analysis can help improve generalizability (Miles & Huberman, 1994). The method of Verhoeven (2015) was used to analyse the data. This method contains five stages, with the first stage being the phase of exploration. Here the exploration of the obtained information starts by reading the interview transcripts, extracting valuable insights and condensing them into concise summaries. The language used by the interviewees is evaluated, discerning the underlying tones (whether positive or negative). Prior to the following phases, the transcripts were validated by the interviewees. Moving on, phase two is the specification phase. In this phase, open coding was employed. This entails the identification of words that describe the selected information best. Subsequently, the coded segments are grouped, allowing for a clearer and more organised understanding of the findings. Moving on to the reduction phase, a hierarchical structure of terms was established, identifying the key codes. Finally, in the integration phase, the findings are synthesized to address the main research question. A critical assessment took place whether the analysis provided sufficient answers, or if further rounds of interview needed to take place.

### **3.5 Research Quality**

The feasibility, validity, and reliability of the multiple case study all contribute to the research's quality.

### **3.5.1 Validity**

Often, validity is perceived as more important in qualitative research, as reliability may be unavoidably compromised since the researcher is often included in the research design (as the interviewer in this thesis) (Verhoeven, 2015). The subjective nature of qualitative research makes it challenging to measure its validity. Nonetheless, the study's internal validity is improved when researchers are conscious of and acknowledge bias. Furthermore, as was already noted, triangulating data adds depth to the data collected and improves validity (Bryman, 2008). In this study, the triangulation of factual events was achieved by interviewing both the source and the recipient of knowledge in the knowledge transfer process. Additionally, maintaining a transparent and systematic documentation of the research process helps mitigate bias and supports the validity of the research.

### **3.5.2 Reliability**

Reliability in qualitative research is concerned with consistency and repeatability. A study is considered reliable when it produces consistent results over repeated applications (Yin, 2013). To ensure reliability, this study employed a detailed, step-by-step protocol for conducting interviews and analysing data (Creswell et al., 2007). This protocol, included in the appendices, served as a common interview guide, ensuring that other researchers can replicate the study under similar conditions. The reliability of the data was further ensured by recording the interviews, which allowed for accurate transcription and analysis (Yin, 1994)

## 4. Analysis & Findings

This chapter presents the findings derived from the interviews with firms A,B,C,D and E. For each of these firms both the previous owner-manager and the successor were interviewed separately for one hour. With the respondents' approval, the interviews were recorded and later transcribed. In some cases, particularly in the case of firms B and D, it was challenging to get into the tacit aspects of knowledge transfer as the previous owner-managers were not fully aware that they possessed such knowledge. It required numerous follow-up questions to identify elements of tacit knowledge. The pre-sketched interview questions, which were based on the themes of the conceptual model, facilitated the unravelling of these tacit elements. They were identified during the analysis of the transcripts rather than being directly mentioned by the respondents. Additionally, there was only one case of conflicting information between the previous owner-manager and the successor. However, this was a difference of opinion and could therefore not be triangulated.

First the information is organised around the themes that were identified from the literature review. Beginning with the knowledge transfer process and ending with the factors influencing tacit knowledge management in small and medium-sized family firms. Afterwards, moving on to data that supports to answer the empirical research questions of this thesis, newly found concepts are presented that potentially make the transfer of tacit knowledge in the succession process of small and medium-sized firms particularly difficult.

### 4.1 General information and knowledge transfer process

Even though all sampled firms differed in employee size, sector and had different succession years, they all had something in common: Neither of them formally transferred their knowledge via a pre-determined plan such as the socialization and externalization phases of the SECI model (Nonaka & Takeuchi, 1995). In many cases, the transfer of knowledge was not a formalized process but rather an organic and gradual one. For example, the successor of company A mentioned he observed his father daily for 22 years, learns by doing, and is absorbing knowledge through continuous interaction. This informal, observational learning was, and still is crucial, as traditional documentation methods proved insufficient for teaching useful skills and transferring expertise. As the current owner-manager remarked, "You can create documents explaining how to do things, but that's not effective. You need to actually do it." Moreover, the transfer of tacit knowledge often involved learning through mistakes and hands-on experience. The previous owner-manager of company D allowed the successor to make errors and learn from them,

believing this to be a more effective method of teaching and transferring practical knowledge. "I let him do it himself, even if he made mistakes, so he could learn how to correct them," the previous owner-manager explained. In the case of company D where the successor and his spouse had to adapt to new technologies and methods, the knowledge transfer process included a mix of traditional skills and modern practices. The successor learned the skills through direct involvement from a young age, while also including new techniques and scaling the business to meet current demands.

#### **4.2 Factors influencing tacit knowledge transfer**

When looking at the overall succession process, the literature shows that previous experience, formal education, and the type of nepotism can influence the process of tacit knowledge transfer in the succession process (Jaskiewicz et al., 2013). When looking at the interviewed firms, it shows that each family navigates through these dynamics somewhat different. Even though all respondents stated that there was no pressure from the previous owner-manager, during a few conversations, signs were picked up that in reality, the previous owner-manager in fact did try to steer the potential successor in a certain direction. The previous owner-manager of company B for example stated that he always would have liked seeing one of his sons taking over the business as it was already for generations in the family for many years. In addition, the successor of company A mentioned a conversation where his son was scared that his grandfather would force him in taking over the family business. Nevertheless, in other firms, it seems to appear that there really was no form of pressure or enforcement into the role of successor. Company D's successor, also a fourth-generation leader, experienced no pressure to take over, knowing that if he would want to back out any moment, the company would be sold. This approach allowed for a stress-free transition with regards to this factor.

The majority of successors, like those in Companies A and B, followed extensive formal education in business and sometimes technical fields, combined with early on involvement in the family business. The successor in Company A completed various technical studies, while the successor in Company B took courses in entrepreneurship and gained insights through internships at other organizations. In Company C, the successor had no initial intention of joining the family business but later brought a fresh perspective with a background in Hotel Management and International Business. This academic training helped her manage the business with a focus on customer and personnel management, complementing her father's technical expertise. Similarly, in Company D, the successor gained practical knowledge through internships at other farms, improving his management approach without feeling pressured to take over the business. Company E presents

a different scenario where the successor had minimal formal education, relying instead on practical experience and entrepreneurial subjects from middle school. His father, despite having Parkinson's, provides assistance whenever necessary.

Interviews discussing the relationship dynamics between former owner-managers and successors in small and medium-sized family firms highlight factors contributing to smooth transitions. The importance of open communication and trust is a recurring element in all the examined firms. For example, in the case of company A, the successor highlighted the need to have clear separation between personal and professional relationships to avoid conflicts. However, for others it became clear that even during non-working hours, the conversation quickly shifted to work-related topics. Sometimes leading to irritation within the family circle, as was the case for company E. In addition, in all cases there were disagreements, but they were said to be solved quickly, demonstrating the strength of family relationships. Furthermore, there were differences in the previous owner-managers' readiness to give up managerial control. While in many cases successors experiences encouragement and assistance, which made the transfer easier, in company D difficulties resulted from the previous owner-managers' unwillingness to accept change. However, the overall data emphasises how important it is for people to respect one another during, but also after the succession process.

### **4.3 New Phenomena**

Besides getting a grasp of how the factors that were generated by previous literature influence the knowledge transfer in these firms, two additional exploratory themes were identified that potentially could explain why the transfer of tacit knowledge is so difficult in the succession process that are not readily covered in the existing literature of tacit knowledge transfer in this context. These themes both consist of two phenomena. The first theme can be labelled as the barriers to tacit knowledge transfer and consists of the phenomena “lack of knowledge diffusion” and “previous-owner management involvement post-succession”. The second theme is personal and relational challenges and consists of the phenomena “personality differences” and “external family influence”. The data displays are presented in appendix 1 and appendix 2.

## **4.4 Barriers to tacit knowledge transfer**

### **4.4.1 Lack of knowledge diffusion**

Respondents emphasized that successors do not need to absorb all the knowledge possessed by the previous owner-manager. It was noted that attempting to do so might not align with the successor's strengths or interests, making the tacit knowledge transfer even harder. Instead, the focus should be on diffusing knowledge throughout the organization. The successor of company C remarked, "The knowledge should be captured within an organization, not within a person." Several cases illustrated the effectiveness of building diversified management teams around the successor. These teams, consisting of individuals with varying expertise, facilitated the absorption of different aspects of the previous owner-manager's knowledge. Such an approach reduces the pressure on the successor to master every technical detail, as the previous owner-manager of company B stated, "You have to know a little bit of everything." Challenges in knowledge transfer were evident, particularly in cases where the previous owner-manager possessed unique or tacit knowledge. However, creative solutions were implemented. For instance, in situations where technical expertise was crucial but absent in the successor such as in company C, the previous owner-manager collaborated with external advisors or partners to learn the necessary skills and to let the successor focus on the areas where their expertise laid. The evolution of succession practices was highlighted, with instances where previous methods, such as sole reliance on previous owner-manager's expertise, became impractical as the organization grew. Participants recognized the need for structured approaches to knowledge transfer, such as monthly meetings with advisory boards or hands-on training sessions. Findings underscored the importance of strategic knowledge diffusion in succession planning. Rather than expecting successors to replicate the expertise of the previous owner-manager, organizations should focus on building collaborative environments where knowledge is shared and diversified. This approach helped especially firms A and C to make the tacit knowledge transfer less difficult.

### **4.4.2 Previous-owner management involvement post-succession**

The absence of a strict hierarchical structure between the successor and the previous owner-manager was noted during a conversation with the successor of company A. Instead, to this day, the successor often relies on the previous owner-manager as a backup, especially concerning historical know-how and strategic decisions that his father possesses. The successor of company E remarked that immediately after he took over managerial control (as the previous owner-manager is still co-owner of the firm), they would have struggled without the guidance of the previous owner-manager, highlighting the critical role played by his father in the initial stages of succession.

Several respondents shared experiences where the previous owner-manager actively assisted in management decisions during the phase of transition. However, this involvement gradually decreased over time as successors gained confidence and competence. Nevertheless, the ongoing availability of previous owner-managers for consultation and advice remained still very helpful, particularly in critical moments or events.

Respondents acknowledged that the abrupt departure of previous owner-managers immediately post-succession could have jeopardized the business's stability and success. In their opinion, this could lead to a failure of transferring critical aspects of tacit knowledge. As the successor of company A states: “you don't know what you don't know until a situation occurs where you need a certain knowledge. Then you start thinking: how would my dad have done this?”.

## **4.5 Personal and relational challenges**

### **4.5.1 Personality differences between the owner-manager and successor**

Another new concept that derived from the interviews that potentially answers the main research question of why it is so hard to transfer the tacit knowledge in the succession process are the personality differences of the previous owner-manager and the successor. A recurring theme across a few interviews is the importance of an entrepreneurial mindset and vision, which are often deeply embedded in the personality of the previous owner-manager. It is one of the reasons they are where they are today. The successor of company A describes that his father's vision for identifying risks and opportunities in the future is a crucial factor for the business's success. This visionary ability, which the successor describes as a 'gift,' is challenging to transfer because it stems from his father's entrepreneurial mindset, a combination of risk-taking, and strategic thinking. The previous owner-manager himself claims that this knowledge is impossible to transfer and that it is useless to even try. He stresses that the desire and drive to see the business succeed is a mindset that cannot be taught in formal education. This intrinsic motivation and vision are either present in the individual or not. The respondent highlighted that mastering this mindset is essential for business success, but it must inherently be present within the successor. The previous owner-manager of company B attributed his success to his extroverted nature, which enabled him to build strong client relationships. He believed that this extroversion was advantageous and contributed to the business's success. The previous owner-manager noted that had he been introverted, taking over the business would have been much more challenging. His son agreed upon this claim and stated that the right personality trait is crucial for maintaining and building client relationships, especially in their business-to-consumer business.

In the case of business D, the successor himself believed he shared a similar mentality with the previous owner-manager, which facilitated the transfer of knowledge. He mentioned that he and his parents had always prioritized the company and taken responsibility, suggesting a strong alignment in their approach. Conversely, the previous owner-manager of this company expressed concerns about her son's different mentality, fearing that the business's traditional methods and values might not be upheld. Hence, these are contradicting results, coming from two different opinions of the previous owner-manager and the successor. This difference in approach, particularly regarding modernization versus traditional practices, highlights the potential conflict in values and priorities between generations.

The findings from the interviews underscore the role that personality differences play in the transfer of tacit knowledge within family businesses. The entrepreneurial mindset, personality traits with regards to relationship building, alignment of mentalities, and inherent personal qualities are critical factors.

#### **4.5.2 External family influence**

Several respondents emphasized the influential role of the spouses, particularly the women, in the knowledge transfer process. The previous owner-manager of company B remarked, "My sons are both married. Fortunately, that goes very well, but things can often go wrong because of the women." This indicates that the dynamics between the previous owner-manager's and successor's spouses can either facilitate or hinder the sharing of tacit knowledge. Positive relationships among partners can ease tensions and promote effective communication. The previous owner-manager of company A noted that the relationship between his own family and his in-laws could have affected the business had the firm been managed with them. This suggests that familiarity and comfort within one's own family may facilitate smoother knowledge transfer. The previous owner-manager mentioned that his good connection with his daughter-in-law positively influenced the process, highlighting the importance of good relationships. Even though this does not explain necessarily why tacit knowledge transfer is difficult in the succession process, it seems that it is a factor that influences the direct relationship between the previous owner-manager and the successor.

## 5. Discussion, conclusion, limitations, and recommendations

### 5.1 Discussion

This study examined why tacit knowledge transfer from the previous owner-manager to the successor is so difficult in the succession process of small and medium-sized firms. Even though the interview questions were based on literature generated themes such as the knowledge transfer process and the identified factors influencing the knowledge transfer process in family succession, the answers of the respondents led to the development of new explorative concepts that potentially could help explain why the transfer of tacit knowledge in this setting is set to be so difficult. Therefore, this discussion chapter will focus on these findings as it answers the main research question of this thesis. Chapter 5.1.1 will answer research question three: “*What strategies or methods are currently employed for transferring tacit knowledge in family firms according to empirical research?*”. Whereas chapters 5.1.2, 5.1.3, and 5.1.4 will answer research question four: “*What barriers do owner-managers face when trying to transfer their tacit knowledge to their successor in small and medium-sized family firms according to empirical research?*”.

#### 5.1.1 Tacit knowledge transfer process

The informal nature of the knowledge transfer processes observed in the sampled firms highlights the approach of practical, experience-based learning in small and medium-sized family business succession. By leveraging for example observation, on-the-job training and learning through mistakes, these firms were and still are able to transfer tacit knowledge across generations. Whether that was from a young age onwards or later in their careers. This aligns with the previous research of Desouza & Awuza (2006) that discovered that SMEs rely mainly on the socialization processes rather than a more formalized process of knowledge externalization. The primary cause are resource constraints, such as financial and knowledge capital limits, which limits their ability to employ formal knowledge management techniques.

In addition, the findings of this study reveal that besides the relation between the previous owner-manager and the successor, also relations with other family members may influence the role of tacit knowledge transfer during the succession process. Specifically, the spouses of the successors were mentioned multiple times. For all the respondents that mentioned this influence, the successor was a male and the spouse a female. It remains unclear whether gender plays a role in this phenomenon. The previous owner-manager of Company B highlighted the importance of relationships between the spouses of the successors and the previous owner-managers. He

also noted that strong, positive relationships within the spouses promote trust and openness, essential for effective knowledge transfer. His good relationship with his daughter-in-law positively influenced this process, showing how in-laws can either facilitate succession or make it more difficult. Even-though this resonates with the important 'family dimension' that enhances or decreases the quality of tacit knowledge transfer (Tien et al., 2023), the spouse influence on tacit knowledge transfer has not yet been readily discussed in the literature.

This type of external family relationships appears more to be an additional factor influencing the relationship between the previous owner-manager and the successor which is in turn influencing tacit knowledge transfer in the process of succession rather than that it is able to explain why tacit knowledge transfer in the context of this research is particularly difficult.

### **5.1.2 Lack of knowledge diffusion**

The first newly identified phenomenon that potentially explains the difficulty is the lack of knowledge diffusion. Often, the previous owner-manager is the individual who founded the business and holds the essential domain knowledge (Davis et al., 1997). For example, in Company A, the previous owner-manager started the business independently, building a client base through his technical expertise in constructing reinforcement for buildings. Similarly, in Company C, the previous owner-manager joined the business a few years after its founding, building on his technical background rather than managerial skills to guide the company. Based on the interviews, as these companies grow and mature, the nature of the business changes, and the knowledge required to manage it diversifies. What can be concluded from the collected primary data is that when the time for succession comes closer, successors often face the challenge of stepping into a role with a different background and knowledge base compared to their mother/father. The previous owner-manager, who has been managing the company from a technical standpoint, often tries to transfer their role directly to the successor. This direct transfer can be problematic if the successor lacks either the technical or managerial expertise that the previous owner-manager had accumulated over the years. Nonaka and Konno (1998) emphasize the importance of selecting individuals with the right specific knowledge and skills for a task or project. In the context of succession, this means recognizing that the successor may not have the same blend of technical and managerial knowledge as the founder. The successor's experience and background may differ significantly from the previous owner-manager, leading to a gap in either managerial or technical capabilities of that domain.

The findings suggest that the difficulty in knowledge transfer arises because the previous owner-manager often tries to replicate their own role in the successor, without considering the successor's unique strengths and weaknesses. This approach overlooks the fact that the successor did not grow with the company in the same way, missing out on the gradual accumulation of tacit knowledge. Therefore, it is important to identify the specific knowledge and skills that the successor possesses and supplement any gaps by involving the right individuals, whether from inside or outside the family.

### **5.1.3 Previous-owner management involvement post-succession**

The findings from this study also underscore the importance of the involvement in small and medium-sized family firms of previous owner-managers after the succession is completed.

The successor of Company A highlighted that he often relies on the previous owner-manager for historical know-how and strategic decisions. This aligns with the findings of Suárez et al. (2001), who emphasize the resource- and knowledge-based perspective in family firms, where the previous generation remains a crucial resource post-succession. Similarly, the successor of Company E acknowledged the irreplicable role of his father immediately after he stepped into the managerial role, where he stated that he relied heavily on the guidance of his father. This supports the findings of Handler (1994) that claim that the presence of the previous generation can mitigate the uncertainties in the succession process. Respondents stressed the risks associated with the abrupt departure of previous owner-managers immediately post-succession. Such a sudden exit could harm the business stability and the effective transfer of critical tacit knowledge. The successor of Company A stated, “you don’t know what you don’t know until a situation occurs where you need a certain knowledge. Then you start thinking: how would my dad have done this?”. This shows that even when someone thinks the process of succession is complete, a situation can show that this isn’t the case. There is a lot of added value for the successor to have the possibility to ask the previous-owner manager. This underscores the value of having a readily available source of historical and strategic knowledge, which is often deeply rooted in the previous owner-manager’s experience. Handler (1994) notes that an abrupt transition can lead to a loss of critical tacit knowledge, as successors may not immediately realize what knowledge gaps they need to fill. This show that when the succession process is perceived to be completed, in reality this does not have to be the case.

#### 5.1.4 Personality differences

The findings from this study also highlight the critical role that personality differences between the previous owner-manager and the successor play in the tacit knowledge transfer process during family business succession.

A recurring theme across the interviews is the entrepreneurial mindset and vision, which are often deeply rooted in the personality of the previous owner-manager. The successor of Company A emphasized that his father's ability to identify risks and opportunities was a crucial factor for the business's success. This visionary ability, described as a 'gift,' is challenging to transfer because it comes from his father's entrepreneurial mindset: A combination of risk-taking and strategic thinking. This is in line with the findings of Zahra et al. (2007), who argue that entrepreneurial cognition, which includes recognizing and acting upon opportunities, is deeply rooted in an individual's personal experiences and cognitive frameworks. The previous owner-manager's belief derived from the findings of this study show that this knowledge is impossible to transfer and that it cannot be taught through formal education further underscores the intrinsic nature of these skills.

There were also cases where the personality traits of the previous owner-manager also played an important role in the success of the business. For instance, the previous owner-manager of Company B attributed his success to his extroverted nature, which enabled him to build strong client relationships. His son noted that maintaining and building client relationships, especially in their business-to-consumer sector, necessitates the right personality traits. These findings can be related to the work of Suárez et al. (2001), who mention the importance of interpersonal skills and social capital in family business success. The findings of this study show that the challenge increases when the successor does not share the same personality traits. As seen in Company B, the extroverted nature of the previous owner-manager was crucial for client relationship management. If the successor is more introverted, continuing this success becomes difficult. Researchers Matzler et al. (2008) already identified that the personality traits, specifically agreeableness, conscientiousness and openness influence knowledge transfer. As a solution they propose careful personnel screening. However, looking at the context of this study, previous owner-managers often cannot select from a broad pool of potential successors. This limitation can complicate the process of tacit knowledge transfer, as the successor may lack the ideal personality traits for effective knowledge sharing.

In some cases, the alignment of mentalities and values between the previous owner-manager and the successor can facilitate knowledge transfer. For example, in Company D the successor believed he shared a similar mentality with the previous owner-manager, which eased the transfer process. This alignment suggests that when successors and the previous owner-managers have matching values and approaches, the transfer of tacit knowledge is more seamless. This observation can be related with the findings of Sirmon and Hitt (2003), who stress the importance of shared values and vision in family business continuity. However, within the same company, the previous owner-manager expressed concerns about her son's different mentality, fearing that the business's traditional methods and values might not be upheld. This situation highlights the potential for intergenerational conflicts in values and priorities, which can disrupt the succession process. Chua et al. (2003) argue that such conflicts are common in family businesses and can significantly impact the effectiveness of knowledge transfer and overall business performance.

## 5.2 Conclusion

This study aimed to answer the main research question: *“Why is it so hard for small and medium-sized family firm owner-managers to effectively transfer their tacit knowledge to a successor?”*

This study exploited existing literature about the strategies and methods of knowledge transfer and already identified factors that influence the tacit knowledge transfer process in the succession process of small and medium-sized family firms by using these themes as a base for the semi-structured interviews which was the main primary data collection method of this thesis. Based on this data there can be concluded that the family relation with other family members beside the relation between the previous owner-manager and successor also is a factor that can either enhance or hinder tacit knowledge transfer between the previous owner-manager and the successor. Three newly identified phenomena in this thesis can possibly answer the main research question. The first phenomenon being ‘knowledge diffusion’. Previous owner-managers often try to replicate their role in the successor, overlooking the successor's different background and which knowledge. Effective succession requires bridging domain knowledge gaps by diffusing knowledge to individuals with the right expertise. The second phenomenon is ‘previous owner-management involvement’. An abrupt transition can lead to a loss of critical knowledge. Even when there is a perception that the succession process is complete, successors often realize post-transition that they still have knowledge gaps. Continuous availability of the previous owner-manager post-succession is important. Lastly, Personality traits, including the entrepreneurial mindset and interpersonal skills, are deeply personal and hard to transfer. These differences can

create conflicts and hinder knowledge transfer. This phenomenon is labelled as ‘personality differences’. Based on this conclusion, the new conceptual model is presented in figure 2.

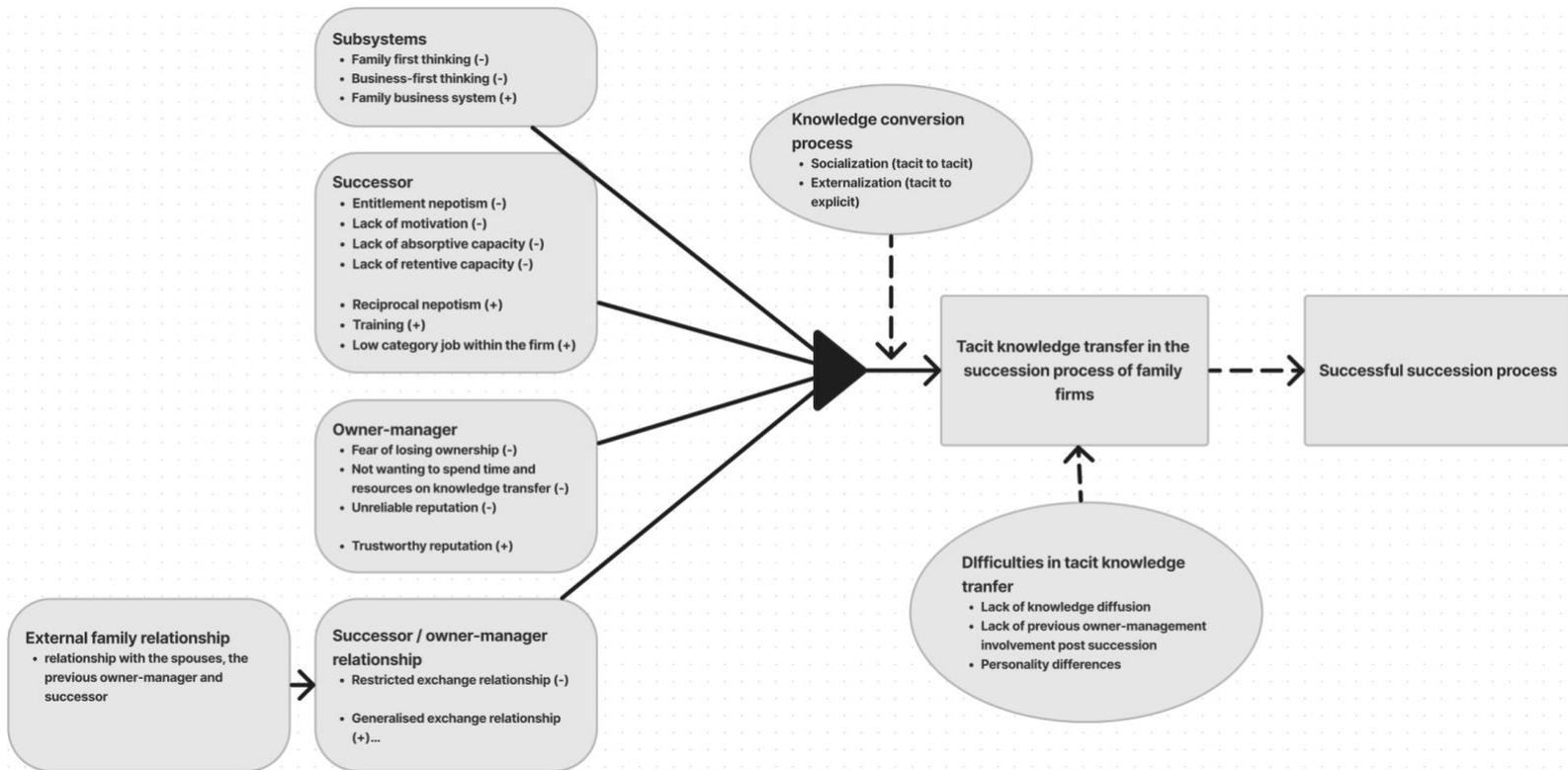


Figure 2: New conceptual model (or view appendix 11)

### 5.3 Limitations

The decision to apply a multiple case study approach for this research was mainly driven to allow for answering the ‘why’ question with regards to tacit knowledge transfer from the previous owner-manager to the successor in small and medium-sized firms. Additionally, this approach allowed for the coverage of contextual conditions as they are relevant for the phenomenon of ‘tacit knowledge transfer’ under study. Especially the environmental and social factors are of influence on tacit knowledge transfer according to the model of Nonaka and Takeuchi (1995). However, due to time constraints, the sampled firms were all operating in different industries. While cross-sectional studies offer the advantage of generalisability, as it allows the findings to be applicable across multiple contexts (Creswell, 2009), they potentially exclude sector-specific variance that

influence the findings (Suárez et al.,2001). Especially as only two interviews per organisation were conducted. Therefore, a limitation of this study is that the bounded context in which the newly identified phenomena are explored is too broad. Even though there were patterns to be found across all the cases, this broad scope might decrease the specificity and relevance of the finding to a particular industry, which decreases the managerial contribution. Nevertheless, in the literature stream of tacit knowledge it is a common practice to analyse firms from different industries.

Another limitation of this study relates to the methodological chapter. Identifying and selecting appropriate sources presented a challenge. The overwhelming volume of literature available through online databases created an obstacle. The extensive availability of articles, books, and other online sources, while beneficial, also made it difficult to determine the most relevant sources to support the research. This was particularly overwhelming compared to the literature on tacit knowledge, where it was easier to identify seminal papers and different literature streams based on those papers. Unlike the theoretical literature, which allowed for more confident navigation and selection of sources, there was less familiarity with the selection and application of methodological literature. This was primarily due to the quantity of literature available. This situation may have introduced limitations into the study, as the process of selecting sources involved choosing those that seemed appropriate and of good quality without a thorough understanding of their suitability to this particular research topic. Consequently, the sources used might not represent the most suitable ones available, potentially impacting the quality of the methodological foundation of the study.

## **5.5 Contribution & Recommendations**

The literature has extensively discussed the topic of tacit knowledge transfer, but a consensus has not yet been reached in the context of small and medium-sized family firms. Using an interpretivist approach, this thesis makes a theoretical contribution by exploring the subjective challenges in tacit knowledge transfer within these firms. By providing contextual empirical evidence, as called for by Cunningham et al. (2016), this research identifies three new phenomena that offer new perspectives. These findings potentially solve some of the missing pieces in the puzzle that have prevented researchers from reaching a consensus in the positivistic literature stream. Additionally, this work opens new pathways for future researchers to further investigate the study of knowledge transfer in family businesses.

Additionally, the findings of this thesis give small and medium-sized family business insights that can be easily turned into practical guidelines. By raising awareness of the previous owner-manager and the successor about the pitfalls of tacit knowledge transfer, the small and medium-sized family firms can develop strategies for improving the effectiveness of tacit knowledge transfer, preferably long before the succession takes place (Handler, 1994).

Future research should consider several strategies to address the limitations identified in this study and further explore the complexities of tacit knowledge transfer in the succession process of small and medium-sized family firms. One key recommendation is to focus on industry-specific studies. The scope of including different industries in this research provided valuable insights but also introduced a significant limitation: the potential for deeper differences in contextual conditions than can be observed based on just two interviews within the same company. By concentrating on a single industry, future studies can provide more context-specific insights and identify industry-specific factors affecting tacit knowledge transfer and therefore further contribute to the theoretical foundation of these newly identified phenomena. This focused approach will ensure that the contextual conditions particular to an industry are more thoroughly considered, leading to more precise and actionable findings. Additionally, future research should apply a richer multiple case study approach. This would involve conducting thorough research within each organization and observing the firms for a prolonged period of time. By examining multiple cases within the same industry, researchers can discover patterns and variations in the newly identified phenomena. This approach would provide a deeper understanding of the factors influencing tacit knowledge transfer.

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## Appendix 1: Data display theme 1: Barriers to tacit knowledge transfer

Theme 1: Barriers to knowledge transfer

POM = Previous owner-manager

COM = Current owner-manager = successor

Disclaimer: The data display is translated to English from the spoken language of the interviews which were held in Dutch for the understanding of the reader

Respondent	Knowledge diffusion	POM involvement post-succession
1 (COM company A)	It is not necessary to absorb all the knowledge of the POM. There is a lot of technical aspects the COM did not absorb from his father. However, it is not something you should strive for. Instead, the knowledge should be diffused throughout the organization rather than forcing yourself to absorb knowledge that you do not have affinity with.	“My role, yes, I walk with a broom and a stick. And wherever there is something, I sweep it up. And I'm not talking in the literal way, but about the work.” The POM and COM work side by side. The COM still uses his father as a backup when his knowledge about the company's history and his insight are required.
2 (POM company A)	“You have to know a little bit of everything. You don't have to be excellent at one thing, because, you know what you know. My son will never learn the practical (technical) information because there is no time for that”	There is no strong hierarchical structure within the firm with regards to the COM being the boss and the POM having no say in the current daily operations. The COM describes that today, if his father would not be around to consult him, he would most likely survive managing the business. However, right after the completion of the perceived succession, he thinks he would not have succeeded in continuing the business if his father would not have been present to assist him.
3 (POM company B)	In this case, the POM did not know the technical specific side of the business. It was not necessary according to himself, as there were always other people for that part of the job. The POM was also not the first generation in the succession line but the third generation.	The POM worked alongside the COM for a few years after the perceived succession took place. Back then he assisted in management decisions and stepped down after a few years when his son no longer needed his insights.
4 (COM company B)	There was no need for diffusing the knowledge of the POM throughout the organisation according to the COM.	No relevant information with regards to this concept.
5 (COM company C)	Together with the POM, the COM built a management-team around her function. All individuals within this team were able to absorb a 'piece' of the (tacit) knowledge of the POM. Rather than forcing the COM to absorb all the technical knowledge that she had no affinity with. The company has become too big to transfer all the knowledge to one person. This growth also enabled the COM to diffuse this knowledge. According to this COM, the knowledge of the POM should be captured within an organisation, not within a person. Because of the difference in expertise of the POM, the COM, and the management team, they are able to cover all the 'gray' areas.	The COM thinks that if her father would have left right after the perceived succession, the business would have failed quickly. “That would not have gone well for very long, no”. On top of that she agrees that this could be a reason that the succession process tends to fail in family businesses.

6 POM company C)	The COM and POM gather every month with an external advisory board to discuss which directions to take. Before the succession, the POM did not have a management team consisting of different disciplines. Instead, all the different 'disciplines' were stuck inside the head of the POM. The scale of operation at that time made it manageable. However, when the growth started to take off, it was no longer maintainable.	The POM still is in conversation with the management team around the COM to transfer parts of his knowledge. Even after the perceived succession period. The POM has all the knowledge stored in his brain about how the company got to where it is today, which is very valuable information in making new machinery investment plans.
7 (COM company D)	The transfer of the knowledge went automatically as the COM grew up on their farm. The tacit knowledge of this firm is with regards to the production of cheese. However, this knowledge cannot be diffused. The spouse of the COM is focused on absorbing this knowledge of the POM.	No relevant information with regards to this concept.
8 (POM company D)	The POM is learning the spouse of the COM how to make cheese by working together, letting him observe the process and letting him learn from his own mistakes.	The POM is years after succession still teaching her son in-law how to make their award-winning cheese. She tells that to this day, she still corrects mistakes he makes.
9 (COM company E)	The COM and POM did not diffuse any knowledge. The COM grew up working in a garage on his motorcycles. However, he did state that he experienced trouble that occurs when he is not present at the firm for a day, no one is able to take over his role and the firm will not be able to function that day.	As he still co-owns the company with his father, he thinks he would manage now. However, a few years ago, right after becoming co-owner, the COM thinks that if his father were to leave the company, it would have been a greater challenge to carry on the business.
10 (POM company E)	No relevant information with regards to this concept.	The father of the COM is still co-owner of the company. However, the COM runs his own facility on his own together with his brother without daily interference from his father.

## Appendix 2: Data display theme 2: Personal and relational challenges

Theme 1: Barriers to knowledge transfer

POM = Previous owner-manager

COM = Current owner-manager = successor

Disclaimer: The data display is translated to English from the spoken language of the interviews which were held in Dutch for the understanding of the reader

Respondent	Entrepreneurial personality	External family relations
1 (COM company A)	The COM explains that his father has a certain vision for risks or opportunities in the future that are hard for others to grasp. He states that one of the key factors to success is an entrepreneurial personality and mindset. This mindset is hard to transfer from the POM to the COM. He states that his father has the tendency to look beyond certain things. The COM also states that he does not have the same 'gift' as his father. However, according to him, this personality is beneficial for company success.	No relevant information with regards to this concept.
2 (POM company A)	According to the POM, you need to have a certain mindset of wanting the business to succeed. If you don't have this mindset, it is impossible to succeed the family business. Either you have this vision, or you don't. "You can't learn that type of knowledge at school. That is something you have to master, so to speak. That is the most important thing to convey. But that also must be within you."	The relationship with his own family and with the family of his wife is very different. If he would have ran a business with his family in-law, it would have impacted the business. However, with his own family not so much. The POM claims that especially the relationship with the spouse of the other business partner (either the COM or the POM) can have a big influence on the knowledge transfer between the COM and the POM. However, in his case, he has a good connection with his daughter in-law.
3 (POM company A)	It matters what type of personality you have. If the successor would have been very introverted, then it would have been more difficult to take over a business as theirs. The POM sees it as an advantage that he is extroverted in nature and therefore was able to build strong client relationships which contributed strongly to the success of the business. The POM always felt like he wanted to have his own business.	"My sons are both married. Fortunately, that goes very well, but things can often go wrong because of the women. But that is going very well now because they get along very well with each other, so that is not a problem."
4 (COM company B)	"The feeling you have with your customer and the bond you get, that also comes with experience. However, you must have that in you. Also, a lot of personality. Yes, and of course you need that."	The COM likes to talk to his wife about different things than work. However, she is more than happy to sometimes help in the store.
5 (COM company C)	No relevant information with regards to this concept.	No relevant information with regards to this concept.
6 (POM company C)	No relevant information with regards to this concept.	No relevant information with regards to this concept.
7 (COM company D)	The COM says he has the same mentality as his father and mother, always putting the company first and taking responsibility.	No relevant information with regards to this concept.
8 (POM company D)	The POM says the business in their DNA. However, she expresses herself somewhat negatively about the mentality of her son. "Yes, it is a completely	The family sometimes sugar-coats how the company used to be. That seems to lead to frustration. The POM states that what it used to be is often made more

	different mentality. That mentality will soon stop if they purchase a milking robot instead of milking by hand, just like their father.”	beautiful than it actually was. “I remember when my son was little. Then we had a dead cow. And then my mother said: 'Well, we never had a dead cow.' Well, that's not true of course. Those times were different then.”
9 (COM company E)	The COM has a very direct personality and is honest from nature. According to the respondent himself this contributes to the success of the company as it improves the client relations which is very important in their business.	There can be tension between father and son if the connection with both the family of the son and his own 'original' family with his father, mother and brother and sister is not right. The COM stresses especially that the spouses hold a lot of power in the relationship between father and son.
10 (POM company E)	The POM claims that it is required to have a certain 'feeling' that you need to have when making business decisions.	POM is very satisfied with the bond with his two daughters in-law and wife. Even though they think they talk about work too much, they still support the business.

## **Appendix 3: Interview protocol successor – English**

### **Introduction questions**

1. What industry is your business in?
2. What is your role within the company?
3. How long ago did the succession take place?
4. To your opinion, did your mother/father have a lot of tacit knowledge? Knowledge that was hard to transfer or to grasp. And that was crucial for the success of the company or led to a competitive advantage?
5. What do you consider as the most valuable tacit knowledge that your mother or father possessed?

### **Main interview question**

How did your mother/father make sure that you, the successor, had the necessary knowledge to take over the role of owner-manager?

### **Follow-up questions: strategy and methods**

1. Looking back, was the knowledge transfer a planned and structured process? Or was it completely informal?
2. Where there aspects of knowledge that were completely impossible to describe?
3. How did you absorb this knowledge?
4. What was so difficult about this process?
5. What do you think was difficult for your mother/father in this process of knowledge transfer?
6. What did you learn most from your father/mother?

### **Follow-up questions: Successor experience and education**

1. Did you follow a formal education that was of help during the succession process?
2. Did you gain external experience before working in the family business?

### **Follow-up questions: family dimension**

1. Did you find it hard to not only have a family relationship with your mother/father, but now also a business relationship?
2. Did you feel pressure that you had to take over the family business?

**Follow up questions: relationship**

1. Do you have the feeling that the business relationship of your mother/father is at the cost of your personal relationship?
2. According to yourself, do you have a different approach to managing the business in comparison to your father/mother?
3. During the succession process, did you feel free to critique the day-to-day operations?
4. Did you feel like your mother/father was able to hand over the reins easily?

## **Appendix 4: Interview protocol successor – Dutch**

### **Introductievragen**

1. In welke industrie is uw bedrijf actief?
2. Wat is uw rol binnen het bedrijf?
3. Hoelang werkt u al binnen het bedrijf?
4. Hoelang geleden heeft de overname plaatsgevonden?
5. Naar uw mening, had uw moeder/vader veel onbewuste en ontastbare (tacit) kennis die waardevol was voor het bedrijf? Die leidde tot een competitief voordeel of kennis die cruciaal was voor het succesvol draaien van het bedrijf?
6. Wat beschouwt u als de meest waardevolle kennis die u moest overnemen van uw moeder/vader?

### **Hoofdvraag**

Hoe heeft uw vader er voor proberen te zorgen dat u de bagage had om zijn rol te kunnen vervullen?

### **Opvolgvragen: strategieën en methodes**

1. Terugkijkend, was de kennisoverdracht een gepland en formeel proces? Of ging dit geheel informeel?
2. Waren er aspecten van de kennis die uw moeder/vader bezat die helemaal niet te beschrijven waren?
3. Hoe heeft u deze kennis u eigen gemaakt?
4. Wat was er moeilijk aan dit proces?
5. Was was er denkt u moeilijk voor uw vader/moeder in dit proces?
6. Wat heeft u het meest van uw vader geleerd?

### **Opvolgvragen: ervaring en educatie van de opvolger**

1. Heeft u een opleiding/cursus gevolgd die heeft geholpen in de overname van het bedrijf?
2. Heeft u externe ervaring opgedaan voordat u in het familiebedrijf ging werken?

### **Opvolgvragen: familiedimensie**

1. Vond u het lastig om niet meer alleen een familiere relatie maar ook een zakelijke relatie met uw moeder/vader te hebben? Leidde dit weleens tot frictie?
2. Voelde u druk om het familiebedrijf over te nemen?

### **Opvolgvragen: relatie**

1. Heeft u wel eens het gevoel gehad dat de zakelijke relatie ten koste ging van de familiere relatie?
1. Heeft u naar eigen zeggen een andere aanpak ontwikkeld vergeleken met uw vader? Zo ja, op welke manier?
2. Tijdens de overname, voelde u zich toen vrij om zaken ter discussie te stellen of in twijfel te trekken?
3. Heeft u het gevoel dat uw vader het lastig vond om de touwtjes uit handen te geven?

## **Appendix 5: Interview questions previous owner-manager – English**

### **Introduction questions**

1. What is your role within the company today?
2. Did you set up the business yourself or did you also take it over from your parents/family member?
3. How many employees does the firm have?
4. How long ago did the succession take place?
5. To your opinion, did you have a lot of tacit knowledge? Knowledge that was hard to transfer or to grasp. And that was crucial for the success of the company or led to a competitive advantage?
6. What do you consider as the most valuable tacit knowledge that you possessed in the time of succession?

### **Main interview question**

How did you try to make sure that your son/daughter had the necessary knowledge to take over the role of owner-manager?

### **Follow-up questions: strategy and methods**

7. Looking back, was the knowledge transfer a planned and structured process? Or was it completely informal?
8. Where there aspects of knowledge that were completely impossible to describe?
9. How did you try to transfer this knowledge?
10. What was so difficult about this process?
11. What do you think was difficult for your son/daughter in this process of knowledge transfer?
12. Looking back, where there things that you would have done differently?

### **Follow-up questions: family dimension**

3. Did you find it hard to not only have a family relationship with your son/daughter, but now also a business relationship?
4. Did you try to steer your son/daughter in taking over the family business from a youngh

### **Follow up questions: relationship**

1. Do you have the feeling that the business relationship of your son/daughter is at the cost of your personal relationship?
2. Does your son/daughter have a different approach to managing the business in comparison to you?
3. According to yourself, did you give space to your son/daughter to critique your approaches of how to run the family business?
4. Did you find it difficult to hand over the reins?

## **Appendix 6: Interview previous owner-manager – Dutch**

### **Introductievragen**

1. Wat was uw functie binnen het bedrijf?
2. Heeft u het bedrijf zelf opgestart of ook overgenomen van uw familie?
3. Hoeveel werknemers heeft het bedrijf momenteel?
4. Hoe lang geleden heeft de overname plaatsgevonden?
5. Geloof u dat u veel onbewuste en ontastbare kennis heeft/had die waardevol was voor het bedrijf? Kennis dat leidde tot een competitief voordeel of kennis die cruciaal was voor het succesvol draaien van het bedrijf?
6. Wat beschouwt u als de meest waardevolle kennis die u bezat in de tijd van de overname?

### **Hoofdvraag:**

Hoe heeft u ervoor geprobeerd te zorgen dat de kennis die u in al die jaren heeft opgedaan, werd overgebracht aan uw zoon/dochter zodat hij/zij uw rol kon overnemen?

### **Opvolgvragen: strategieën en methodes**

- Terugkijkend, was dit een formeel proces; dus is deze kennisoverdracht bewust gepland of ging dit geheel informeel?
- Waren er aspecten van de kennis die u bezat die helemaal niet te beschrijven waren?
- Hoe heeft u deze kennis proberen over te dragen?
- Wat was moeilijk aan dit proces?
- Wat was er, naar uw mening, moeilijk voor uw zoon/dochter in het proces van de kennisoverdracht?
- Terugkijkend, had u graag dingen anders aangepakt in het proces van de overname?

### **Opvolgvragen: familiedimensie**

1. Vond u het lastig om niet meer alleen een familiere relatie maar ook een zakelijke relatie met uw zoon/dochter te hebben? Heeft dit weleens voor frictie gezorgd?
2. Heeft u geprobeerd uw zoon/dochter vanaf jongs af aan te sturen in de richting die zou leiden tot de uiteindelijke overname van het familiebedrijf?

### **Opvolgvragen: relatie**

1. Heeft u wel eens het gevoel gehad dat de bedrijfsrelatie ten koste ging van de familierelatie?

2. Heeft uw zoon/dochter zijn/haar eigen benadering ontwikkeld voor het uitvoeren van de rol die verschilt van de uwe? Zo ja, op welke manieren?
3. Heeft u naar uw mening uw zoon/dochter het gevoel gegeven dat hij/zij vrij was om zaken in discussie te stellen?
4. Was het lastig voor u om de touwtjes uit handen te geven?

## Appendix 7: Interview sample list

Company	Industry	Employees	Small and medium-sized family firm (EU definition)	Founding year
A	Reinforcement sector	12/13 employees + approximately 27 freelancers	Yes	1986
B	Electronics sector	6 employees + interns	Yes	1922
C	Precision parts	70 employees	Yes	1974
D	Agricultural sector	13 employees	Yes	1988
E	Automotive sector	10 employees	Yes	Approximately 1984

## Appendix 8: Approach message email – English

Disclaimer: Mail contact is after cold calling first.

Dear .....,

Following our phone conversation, I am sending you some additional information about my graduation research. As I mentioned during our call, my research focuses on 'tacit knowledge' in small and medium-sized family businesses during the succession process.

Tacit knowledge is knowledge that is difficult to articulate explicitly and is often deeply rooted in personal experiences, intuition, and practical know-how. It is often unconscious and not easily transferred through written or spoken language. It encompasses skills, insights, and understanding that people have acquired through experience and interaction with their environment.

The difficulty in transferring this type of knowledge is one of the reasons why many generational successions fail.

For my primary data collection, I would like to speak with five SME family businesses like yours that have already gone through the succession process. I plan to do this through semi-structured interviews. This would be an informal conversation where I would like to learn more about how you and your father approached the (informal) knowledge transfer.

If you have any further questions or comments, you can always reach me by phone or via this email address.

Have a nice day.

Kind regards,

Jil Oskam  
Master Student in Strategic Management  
Tilburg University

## Appendix 9: Approach message email – Dutch

Disclaimer: Mail contact is after cold calling first.

Beste .....,

Naar aanleiding van ons telefoongesprek stuur ik u hierbij wat additionele informatie over mijn afstudeeronderzoek. Zoals ik in ons telefoongesprek al aangaf, focust mijn onderzoek zich op 'tacit knowledge' in MKB-familiebedrijven in het proces van de overname.

Tacit knowledge is kennis die moeilijk expliciet te verwoorden is en vaak diepgeworteld zit in persoonlijke ervaringen, intuïtie en praktische know-how. Het is vaak onbewust en wordt niet gemakkelijk overgedragen via geschreven of gesproken taal. Het omvat vaardigheden, inzichten en begrip die mensen hebben verworven door middel van ervaring en interactie met hun omgeving.

De moeilijke overdracht van dit soort kennis zorgt er mede voor dat veel overnames tussen generaties mislukt.

Voor mijn primaire datacollectie wil ik graag vijf MKB familie bedrijven zoals die van jullie spreken die al door het proces van de overname gegaan zijn. Dit doe ik aan de hand van semi-gestructureerde interviews. Een informeel gesprek dus waar ik graag meer te weten kom over hoe u en uw vader de (informele) kennisoverdracht hebben aangepakt.

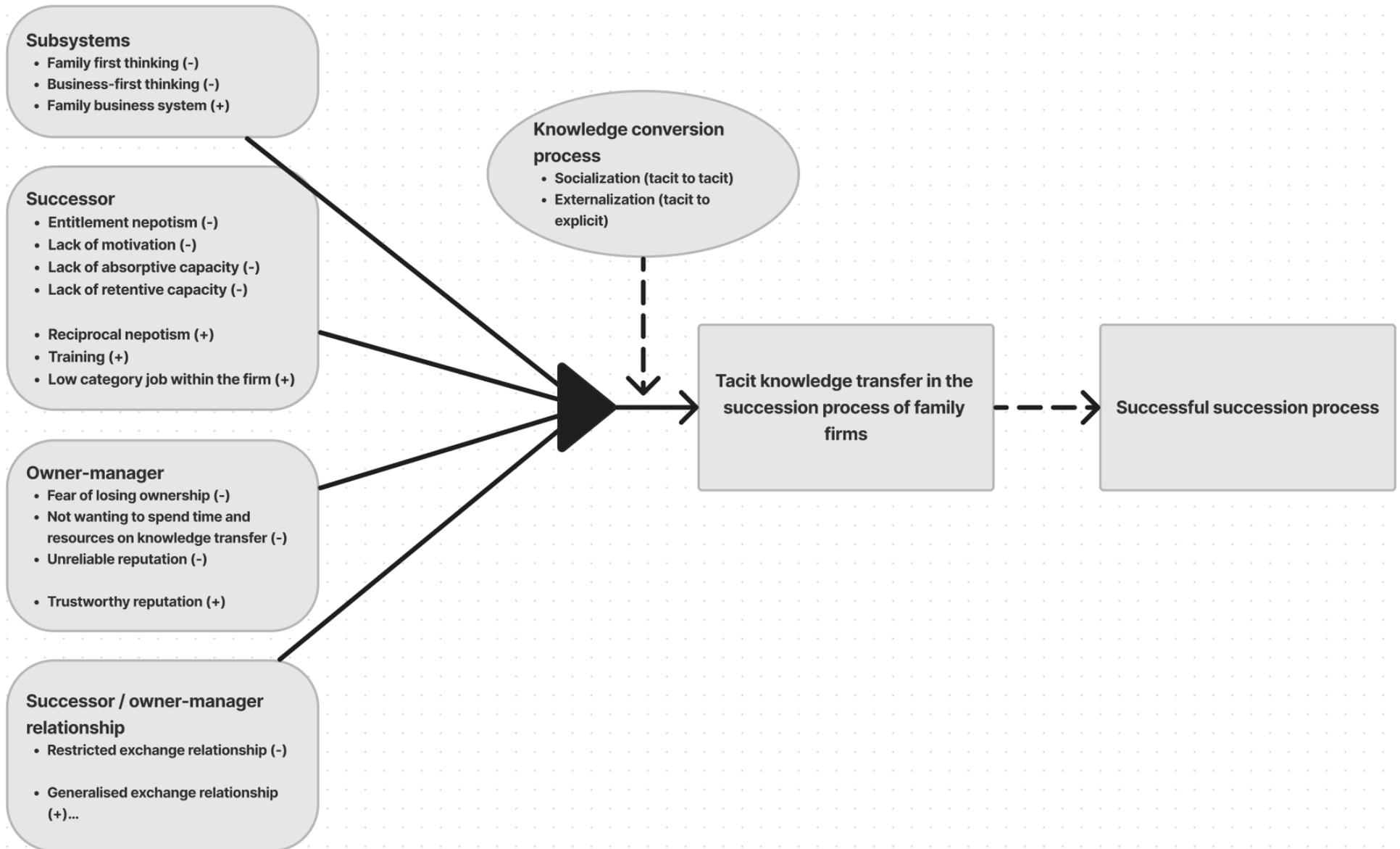
Mocht u nog verdere vragen/opmerkingen hebben kunt u mij altijd telefonisch of via dit emailadres bereiken.

Een fijne dag gewenst.

Met vriendelijke groet,

Jil Oskam  
Master student Strategic Management  
Universiteit van Tilburg

## Appendix 10: Initial conceptual model – true to size



## Appendix 11: New conceptual model – true to size

